

b) Consequences for Canadian Companies

Canadian companies should benefit from the increase in demand resulting from improved general economic conditions in the EC and from the specific regulatory changes previously enumerated.

Canadian products that have found a niche in the market, such as mini-vans and jeeps, should particularly benefit from increased demand.

Despite a certain degree of uncertainty, it seems that the EC does not intend to introduce local content clauses in the automotive industry and that Asian companies established in Canada will not have to worry about being included in the restriction agreements entered into with Japanese and Korean manufacturers. Specifically, any vehicle considered "North American" by the Canada-U.S. FTA will very likely also be considered North American for the purposes of importing to Europe.

c) Possible Strategies

To take maximum advantage of the opportunities of Europe 1992, Canadian firms, especially office equipment parts suppliers, should consider the following success factors:

- . **Entrepreneurial drive.** The key factor for Canadian firms that have been successful in the EC automotive market has been the entrepreneurial drive to seek out opportunities and make them happen.
- . **Proprietary technology.** In a period of severe supplier rationalization in Europe, technological proprietorship and innovation will be one of the few paths of entry for a new supplier; high quality and low price will not be sufficient.
- . **Effective promotional material.** Since Canadian firms continue to have a low profile in the EC market, they will have to take specific steps to make

EC assemblers aware of their capabilities. This will involve developing comprehensive, targeted documentation and A/V material on the firm, its products, its technologies and its capabilities.

- . **Long-term commitment.** In all cases a long-term perspective will be vital. The firm may have to start with very small contracts to gradually build a profile and a reputation with vehicle assemblers.
- . **Export options.** A good relationship with Ford and General Motors in North America may facilitate access to these companies' subsidiaries in the European Community, particularly as sharing of components and technologies across continents increases.
- . **Representatives.** It will often be very useful to use the Canadian or North American representatives of the EC vehicle producers as an initial point of entry.
- . **Joint ventures.** Consideration should be given to establishing a presence in Europe by pursuing the joint venture option. This addresses the need to be geographically close to the assembler and overcomes barriers raised by the rationalization of this sector.
- . **Anticipate increased EC competition.** Many European parts firms will be forced to merge to remain competitive. Hence, surviving European players may emerge in a strengthened position to compete in world markets, including the North American market.

7.5 Minerals and Metals

a) Consequences in the EC

The direct consequences of Europe 1992 on the minerals and metals industry is limited: none of the 279 Directives directly concern this industry, except perhaps some environment Directives. The main obstacles to trade in this sector (i.e.,